



Discussion and Action on the City's Investment Policy 2015

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Governance

- **Section 2256 of the Texas Government Code**
 - Otherwise known as the “Texas Public Funds Investment Act (“TPFIA”)
 - Cities must adopt a written investment policy regarding the investment of funds
 - Policy must be reviewed on an annual basis
 - City has to adopt a resolution stating that they have reviewed such and record any changes made
- **City Council Directive**
 - Section 11.0 of the City’s Investment Policy requires that the Policy must first be approved by the FAOC with oversight of financial matters



Proposed Changes

- **Section 5.2 Selection of Authorized Brokers**
 - Added sentence: “Additional financial institutions and securities dealers may be added on a quarterly basis after Investment Committee approval”.
- **Section 7.1 Collateralization**
 - Reworded section to mirror Texas Government Code Chapter 2257.022 “Collateral of Public Funds” where it states the value of the collateral must be not less than the amount of deposit of public funds increased by the amount of accrued interest reduced.
 - Incorporated that the % of coverage will be outlined in the City’s Collateral Agreement as part of the City’s Depository Contract with Bank.



Proposed Changes (continued)

- **Section 9.1 Investment Parameters – Portfolio Diversification**
 - Incorporated parameters to provide limits on investment types where City's funds can be held.
- **Exhibit A Specific City Funds – a) General Fund**
 - Updated sentence referring to Cash Reserves in the General Fund at \$16MM per prior City Charter section 7.4.
 - New wording added is consistent with revised City Charter section 7.4 where cash reserve amount to be not less than 5% of prior year's general fund operating expenditure budget.



GFOA - Best Practices

- **GFOA recommends the use of a written agreement with pledging requirements as protection for state or local government's deposits.**
- **The value of the pledged collateral should be dictated by state statutes. If not, the margin levels should be at least 102 percent.**
 - **City of El Paso currently is at 105%**
- **The pledge of collateral should comply with the investment policy or state statute, whichever is more restrictive.**
- **Governmental entities should know and understand securities pledged as collateral.**
 - **U.S. Agencies for City of El Paso**



Questions?